

16 June 1959

MEMORANDUM FOR THE RECORD

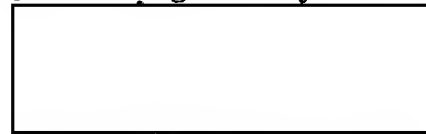
SUBJECT: H.R. 5007 - A Bill to Improve Administration of Overseas
Activities of the Government of the United States and
For Other Purposes

1. On 16 June 1959, the undersigned met with members of the House Post Office and Civil Service Committee Staff at their request concerning section 523 of the Bill, which section amends section 912 of the Internal Revenue Code of 1954. Attending the meeting in room 213, Old House Office Building, were Mr. Charles Johnson, House Post Office and Civil Service Committee Staff; Mr. Dave Karper, Assistant House Legislative Counsel assigned to work with the Post Office and Civil Service Committee Staff; Mr. Ward Hussy, Assistant House Legislative Counsel assigned to work with the Ways and Means Committee Staff; Mr. Ted Zimmerman, Internal Revenue Service, Mr. Dayton Hull, State Department, and Mr. Edward Sampayrac, Department of Defense. The Committee Staff had done a technical rewrite of section 523 of the proposed Bill and desired informal review on the part of interested departments and agencies before re-submission by the Committee chairman to the House of Representatives. A copy of their rewrite is attached hereto. At the close of the meeting, it was stated by Mr. Johnson that any further changes in the Bill that might be desired by interested departments or agencies could be effected fairly readily with the assistance of their staff men after submission to the House.

2. Of particular interest to the Agency is subsection (c) appearing of pages 29 and 30. This subsection provides, in effect, that any monies paid, under the allowance authorities set forth in that subsection, prior to the date of enactment of this Bill will not be required to be included in the gross income of the recipients. This, for the reason that if Congress were now to declare payments such as travel to the United States for home leave not taxable, Internal Revenue might then be required to go back to prior years and collect the appropriate tax on amounts so paid during those years.

3. A question was raised by the undersigned, whether another acceptable method of providing the guidance needed by Internal Revenue Service regarding taxability of payments such as home leave travel might not be available as an alternative to subsection (c). As written, the section appears to place quite a strong emphasis on the fact of Revenue exemption for the Central Intelligence Agency. It was agreed, at the suggestion of the Internal Revenue representative, that subsection (c) be deleted. It was his opinion that a statement setting forth the same substance and contained in the Committee report would be sufficient guidance for the Revenue Service as to the intent of Congress regarding prior year payments.

4. It is anticipated that Representative Morrison, Chairman of the Civil Service Subcommittee, House Post Office and Civil Service Committee, will present the Bill, as revised, to the House during the day.



25X1

Assistant General Counsel

Attachment

L.C. Subject
L.C. Chrono
Signer

OGC:JGO:bb